

Application No.: 09/714,619
Response Dated: February 26, 2007
Reply to Office Action Mailed November 24, 2006

REMARKS/ARGUMENTS

Claims 1 through 19 and 21 through 25 are pending in the instant application. Claims 1 through 7, 9 through 18 and 23 through 25 have been amended to address minor informalities.

The Examiner has rejected claims 1 through 19 and 21 through 25 under 35 U.S.C. 102(e) as being anticipated by Prokoski, U.S. Patent Publication No. 2002/0046038. The rejection of applicant's claims is respectfully traversed. Reconsideration and favorable action is respectfully solicited in view of the following.

The Examiner has rejected claims 1 through 19 and 21 through 25 under 35 U.S.C. 102(e) as being anticipated by Prokoski, U.S. Patent Publication No. 2002/0046038. The Examiner, in the instant Official Action, has utilized applicant's *own claim language* in taking the position that:

Prokoski discloses a method and corresponding system for establishing value and financing of intellectual property comprising operating a venture capital investment business, establishing a business entity (p.2, 18-19; p.4, 69; and p.5, 80-82); said business entity establishing an investment fund for venture capital, establishing a fund managing entity of said investment fund, said fund managing entity attending to administrative matters relating to said investment fund and making investment decisions for the fund (p.2, 18-19; p.4, 69; and p.5, 80-82), the investment fund having capital contributions provided by investors in the fund (p.2, 18-19; p.4, 69; and p.5, 80-82), said fund managing entity also providing capital contributions to said fund, said fund utilizing said contributions to invest in portfolio entities, said investors receiving a general participation interest in said fund, and said fund managing entity receiving a carried interest in said fund, and providing said investors that have provided at least a threshold capital contribution to said fund with stock rights in said

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business entity to enable such investors to become shareholders in said business entity (p.2, 18-19; p.4, 69; and p.5, 80-82 - a business entity is formed and has rights to obtains assets and establishes a trust to hold the assets); a business entity securing a portion of IPO shares that become available in portfolio entities, and business entity enabling shareholders thereof to purchase IPO shares said portion of IPO shares secured by said business entity that become available in said portfolio entities (p.2, 18-19; p.4, 69; and p.5, 80-82); shareholders of said business entity will be entitled to a percentage of said portion of IPO shares that is based on a pro-rata percentage of their stock ownership in said business entity, less any shares allocated otherwise (p.2, 18-19; p.4, 69; and p.5, 80-82); an amount of IPO shares that said at least one other fund managing entity is entitled to obtain is based upon the performance of said fund and/or tenure of said at least one other fund managing entity (p.2, 18-19; p.4, 69; and p.5, 80-82); ...

The Examiner continues by asserting that other limitations of applicant's claims may also be found within Prokoski, citing, parenthetically, other passages of Prokoski in apparent support of this position.

It is respectfully submitted, however, that, contrary to the Examiner's view, Prokoski, U.S. Patent Publication No. 2002/0046038, does not relate in any way to an integrated method of operating a venture capital investment business; but, instead, proposes a system and method for *developing intellectual property (IP) assets*, by collecting one or more IP assets in accordance with a characterization; *determining a market value for the collection in accordance with a plurality of uses for the IP assets so characterized*; *holding the collection in an investment trust (IT)*, which is sold to investors; and exploiting the collection, *using investor contributions to make markets for the various uses of the assets*, obtaining revenue in these markets, and distributing profits to the investors.

As widely recognized by those skilled in the art, an initial public offering (IPO) is a company's first sale of stock to the public. Securities offered in an IPO

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are often, but not always, those of relatively new, small companies seeking *outside* equity capital and a *public* market for their stock. Investors purchasing stock in IPOs generally must be prepared to accept very large risks for the possibility of large gains. Applicant's invention provides a method for integrating and aligning the interests of the parties involved in driving the growth and development of a robust venture capital business by offering the constituent groups the opportunity to become shareholders in the business entity which is the centerpiece of the integrated enterprise as well as the entity that has secured the right to participate, via rights offerings or directed share subscription programs, in the IPOs of the portfolio companies of the funds which the business entity manages. The invention also broadens access to participation in IPOs which, historically, have been mostly restricted to institutions, high net worth investors and the like.

Applicant's invention is directed to an integrated method of operating a *venture capital investment business*. In one aspect, the method includes the steps of establishing a business entity, the business entity establishing an *investment fund for venture capital*, establishing a fund managing entity of the investment fund, the fund managing entity attending to administrative matters relating to the investment fund and making investment decisions for the fund, the investment fund having capital contributions provided by investors in the fund, the fund managing entity also providing capital contributions to the fund, the fund utilizing the contributions to invest in portfolio entities; the investors receiving a general participation interest in the fund, and the fund managing entity receiving a carried interest in the fund; providing the investors that have provided at least a threshold capital contribution to the fund with stock rights in the business entity to enable such investors to become shareholders in the business entity; *the business entity securing a portion of IPO shares* that become available in the portfolio entities; and *the business entity enabling shareholders thereof to purchase IPO shares among*

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the portion of IPO shares secured by the business entity that become available in the portfolio entities.

It is respectfully submitted that a careful review of Prokoski reveals that Prokoski is in no way related to the venture capital field, in any sense, or the integration of a central operating entity having a periphery of funds that the entity manages and supports. Moreover, Prokoski provides no teaching even remotely related to an integrated venture capital environment by which shareholders of a business entity may participate in the IPOs of portfolio companies of funds that the business entity manages.

Instead, Prokoski proposes a system and method which borrows liberally from the principles and practices of real estate investment trusts (REITs) to introduce a vehicle to develop and exploit intellectual property ("IP") assets including patents, copyrights, trademarks, service marks, and trade secrets. Not surprisingly, Prokoski defines this vehicle as an Intellectual Property Investment Trust (IPIT). As disclosed by Prokoski, the objects of the invention are to: (i) acquire and aggregate intellectual property assets in the investment trust; (ii) establish a valuation for the assets; (iii) sell stock in the investment trust; (iv) manage the intellectual property including promoting it, licensing it, developing prototypes, offering it for sale, and such other activities as are commonly performed with intellectual property; (v) distribute profits and losses to shareholders; and (vi) use current and future tax advantages.

It is respectfully submitted that Prokoski fails to teach anywhere within its four corners an integrated private equity concern where a financial services business entity is the centerpiece, back office and umbrella for funds that allows its shareholders to participate in the IPOs of fund portfolio companies. Rather, Prokoski seeks to collect one or more IP assets, determine a market value for them

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and sell ownership to investors to fund the development of the assets. Prokoski hopes that its vehicle will function as an ongoing concern collecting revenue from managing the IP, paying costs and fees and distributing profits and losses to shareholders. Prokoski states it directly envisions *a REIT-like trust with IP versus real estate assets*. As such, it may be seen that Prokoski is wholly unrelated to the field of venture capital and IPOs.

As stated in MPEP §2131, in order to constitute anticipation under the law, a patent or publication must contain within its four corners a sufficient description to enable the person of ordinary skill to make the invention without undue experimentation. All material elements of a claim must be found in one prior art source, a mere suggestion is not enough. Moreover, essential elements are not to be read into a reference. If a reference does not expressly recite or disclose applicant's claimed invention, as is the case here, then, it is required under principles of inherency that the claimed subject matter be inevitably produced when the teachings of the relied upon reference are followed, in order for a proper case of anticipation to be found. For the reasons suggested above, it is believed that applicant's claimed method is not fairly taught or suggested, and that following the teachings of Prokoski could not, under any circumstances, inevitably produce the invention, as claimed.

It is respectfully submitted that Prokoski fails to anticipate applicant's claimed invention since nowhere does Prokoski teach or suggest each and every limitation of applicant's claimed invention. In view thereof, it is respectfully requested that the grounds for rejection of claims 1 through 19 and 21 through 25 under 35 U.S.C. 102(e) as being anticipated by Prokoski, U.S. Patent Publication No. 2002/0046038, be removed.

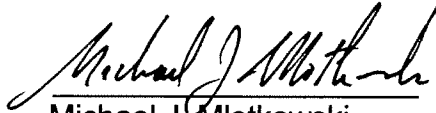
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The Commissioner is hereby authorized to charge any additional fees which may be required, or credit any overpayment to Account No. 50-2478(12763).

It is respectfully submitted that the present claims are in condition for allowance. Prompt notification of allowance is respectfully solicited.

Respectfully submitted,

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